

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /092 W

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R 101042Z AUG 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3802

INFO ALL EC CAPITALS 0146

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DEPT PASS AGRICULTURE AND STR

E.O. 11652: N/A

TAGS: EAGR, EC, ECON, FR, MTN

SUBJECT: POULTRY/COGNAC

REF: A) UNCL STATE 192224; B) PARIS 20087

1. AFTER INFORMAL LUNCHEON HOSTED BY ASSTAGATT LOWEN AUGUST 8, REVEL, MINAG DEPUTY DIRECTOR MARKETING AND FOREIGN TRADE, REQUESTED PRIVATE DISCUSSION WITH AGATT SHARP RE POSSIBLE SOLUTIONS TO POULTRY/COGNAC CRISIS CAUSED BY AUGUST 2 FEDERAL REGISTER NOTICE REPORTED REF A AND DELIVERED BY AGATT TO AUBERGER AND REVEL.

2. REVEL INDICATED HE AND AUBERGER HAD DISCUSSED AUGUST 2 NOTICE EXTENSIVELY AND MAIN CONCERN WAS WHAT GOF COULD DO TO CONVINCE US THAT GOF WANTS TO ACHIEVE PEACEFUL SETTLEMENT OF ISSUE IN VIEW OF USG "DECLARATION OF WAR." WITHIN LIMITED TIMEFRAME INDICATED BY REF A, REVEL FEELS IT WILL BE IMPOSSIBLE TO TAKE ANY CONCRETE STEPS BEFORE SEPTEMBER 1 HEARINGS AS NEXT COMMITTEE DE GESTION MEETING IN BRUSSELS NOT SCHEDULED UNTIL SEPTEMBER 7. ALSO,

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EXTREMELY DIFFICULT TO OBTAIN ANY POSITIVE ACTION ON

FRENCH POULTRY REGULATIONS SINCE APPLICABLE LAW REQUIRES CONCURRENCE OF SEVERAL MINISTERS FOR CHANGES IN REGULATIONS, AND AUGUST IS "NATIONAL HOLIDAY MONTH." REVEL FURTHER INDICATED MINAG FEARFUL THAT EFFORTS IN SANITARY AREA MAY BE COUNTERPRODUCTIVE, PROMPTING AMENDMENTS IN LAW TO FORCE INCLUSION OF POULTRY LIVERS THAT HAVE BEEN ADMINISTRATIVELY EXCLUDED ON LIST OF PROHIBITED PRODUCTS.

3. DESPITE PREVIOUS STATEMENT ON FRENCH POSITION THAT COGNAC, POULTRY AND "24-6" ISSUES NOT RELATED (REF B), REVEL CONCEDED THAT U.S. FARM INTERESTS CLEARLY CONVINCED DEFINITE LINKAGE BETWEEN COGNAC AND POULTRY. (REVEL WAS FRENCH AGATT IN WASHINGTON FOR ALMOST 6 YEARS.) REVEL WAS ALSO AWARE THAT ISSUE MUCH BROADER THAN POULTRY, RECALLING THAT 1974 PROCLAMATION (NO. 4304 OF JULY 16, 1974) WAS INSTRUMENTAL IN RETAINING CRUCIAL FARM BLOC SUPPORT FOR TRADE ACT OF 1974. AND BASED ON RECENT CONVERSATIONS WITH CURRENT FRENCH AGATT TO U.S. GIBBE, REVEL KNEW THAT SENATOR TALMADGE AND MANY OTHERS IN CONGRESS PLUS FARM BUREAU PRESIDENT GRANT HAD WRITTEN TO PRESIDENT AND STR INDICATING THAT FARM BLOC SUPPORT FOR MTN IN GENEVA MIGHT BE WITHDRAWN UNLESS STR DEMONSTRATED RESOLVE TO PROTECT AMERICAN FARM TRADE INTERESTS BY IMMEDIATE ACTION ON COGNAC AT END OF 2-YEAR DEADLINE AS PROMISED.

4. REVEL INDICATED PUBLICATION OF NOTICE IN FEDERAL REGISTER CREATED POLITICAL PROBLEMS FOR FRANCE BOTH INTERNALLY AND IN BRUSSELS. DOMESTICALLY, FRANCE HAS MAINTAINED POSITION THAT POULTRY AND COGNAC ARE UNRELATED BECAUSE POULTRY PRODUCERS CLEARLY STRONGER OF TWO GROUPS. LIKEWISE IN BRUSSELS, REVEL STATED, THE SAME POSITION WAS MAINTAINED BECAUSE OTHER EC MEMBERS, ESPECIALLY THE DUTCH WHO ARE THE MAJOR EXPORTERS, WOULD BE UNWILLING TO CHANGE LEVELS OF PROTECTION ON POULTRY IN EXCHANGE FOR CONCESSIONS BENEFITING FRENCH COGNAC.

5. AGATT RESTATED USG POSITION ON THREE ACTIONS NEEDED TO RESOLVE ISSUE. WHILE CONCEDED THAT ACTION AT THIS LATE DATE WOULD BE DIFFICULT, AGATT EMPHASIZED THAT LIMITED OFFICIAL USE

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CONCRETE STEPS BY GOF ARE ESSENTIAL OR RESTORATION OF \$9/GALLON PRICE-BREAK IS INEVITABLE. AT THIS POINT, REVEL INDICATED HIS AND AUBERGER'S CONCERN OVER WORDING IN AUGUST 2 NOTICE TO EFFECT THAT THE TARIFF ON BRANDY WOULD BE INCREASED TO "NOT LESS THAN \$5.00 PER GALLON." THEY FELT THIS WAS AN IMPLIED USG THREAT TO INCREASE DUTIES ABOVE CHICKEN WAR LEVELS IF ISSUE NOT RESOLVED.

6. REVEL CONCLUDED THAT HIGH LEVEL MEETING NEEDED TO DISCUSS POSSIBLE STEPS THAT CAN BE REASONABLY TAKEN WITHIN TIMEFRAME ESTABLISHED BY AUGUST 2 NOTICE. HE SUGGESTED THAT AGMIN BONNET MAY REQUEST SUCH A MEETING WITH AMBASSADOR RUSH AFTER HIS RETURN TO POST EARLY SEPTEMBER.

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NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /092 W
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R 101042Z AUG 76
FM AMEMBASSY PARIS
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COMMENT: WHILE REVEL WAS CLEARLY DISMAYED BY AUGUST 2 NOTICE, HE INDICATED MINAG GENUINELY CONCERNED WITH PROBLEM OF HOW TO DEMONSTRATE DESIRE TO SETTLE WITHIN AGRICULTURAL CONTEXT AND NOT ADVERSELY AFFECT OVERALL US/FRENCH RELATIONS. HOWEVER, HE WAS FEARFUL THAT LATTER RESULT INEVITABLE SINCE THEY WOULD PROBABLY BE UNABLE TO COMPLY WITH ALL US DEMANDS BY HEARINGS SCHEDULED FOR SEPTEMBER 1. REVEL ABSOLUTELY RIGHT IN INDICATING IT WILL BE EXTREMELY DIFFICULT FOR GOF TO GET MUCH MOVING DURING AUGUST AND PRIOR TO SEPTEMBER 1 HEARING. ON OTHER HAND, WE ARE PERSUADED THAT THERE IS GENUINE GOF INTEREST IN TAKING EVERY POSSIBLE ACTION TO REACT POSITIVELY TO USG INTEREST IN SETTLING THIS ISSUE. SO FAR GOF BEHAVING MOST PROPERLY IN KEEPING THIS OUT OF PUBLIC DOMAIN (THIS DOUBTLESS ALSO A FUNCTION OF AUGUST HOLIDAYS, WITH BOTH GOF OFFICIALS AND

MEDIA REPS LARGELY AWAY ON VACATION).

ANY SIGN WE COULD GIVE THAT GOF COULD EXPECT TO HAVE
SOME ADDITIONAL TIME TO MAKE SUBSTANTIAL PROGRESS,
WHICH IS BASICALLY IMPOSSIBLE IN AUGUST, WOULD BE MOST
HELPFUL TO US IN ENCOURAGING THEM TO BE POSITIVE IN
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THEIR RESPONSE. PLEASE ADVISE AS TO WHETHER SUCH
FLEXIBILITY IS POSSIBLE.
GAMMON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POULTRY, ALCOHOLIC BEVERAGES, IMPORT CONTROLS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS23149
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760307-0771
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760869/aaaachxh.tel
Line Count: 183
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 PARIS 20087
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by CunninFX>; APPROVED <06 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POULTRY/COGNAC
TAGS: EAGR, ECON, FR, EEC, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006